

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /173 W

----- 023897

P R 071834Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8523

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: COAL STRIKE - ALL OVER BUT THE SHOUTING

REF: LONDON 2807

1. BEGIN SUMMARY: AFTER A THIRTEEN-WEEK OVERTIME BAN AND  
A THREE AND ONE-HALF-WEEK STRIKE -- WHICH PRECIPITATED  
THE ELECTION -- THE NATIONAL UNION OF MINEWORKERS WON  
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A MASSIVE 100 MILLION POUNDS SETTLEMENT FROM THE COAL

BOARD WHICH SOARED THROUGH THE RICKETY STAGE THREE BARRIER. THE ACCORD, WHICH IS EXPECTED TO BE RATIFIED AT NUM AREA MEETINGS OVER THE WEEKEND AND TO BRING MINERS BACK TO THE PITS ON MONDAY, FULFILLED THE PRIME MINISTER'S FIRST-PRIORITY PLEDGE TO END THE STRIKE. AMID MOUNTING CONCERN THAT THE SETTLEMENT WILL TRIGGER A VERY SERIOUS INFLATIONARY SPIRAL, THE TUC LEADERSHIP REITERATED THE PLEDGE IT MADE TO THE HEATH GOVERNMENT THAT ITS AFFILIATES WOULD NOT USE THE SETTLEMENT AS A BASIS FOR OTHER CLAIMS. NCB CHAIRMAN DEREK EZRA EXPECTS A COAL PRICE INCREASE. END SUMMARY

2. THE SETTLEMENT, WHICH CAME AFTER A LONG NEGOTIATING SESSION THAT ENDED LAST NIGHT, GIVES COALFACE MINERS 45 POUNDS A WEEK (PRECISELY WHAT THE NUM DEMANDED), 36 POUNDS A WEEK TO UNDERGROUND WORKERS (AGAINST A 40 POUNDS CLAIM), AND 32 POUNDS A WEEK TO SURFACE WORKERS (AGAINST A 35 POUNDS CLAIM). THESE PAY SCHEDULES WILL RESULT IN PAY RAISES RANGING FROM 6.71 POUNDS TO 16.31 POUNDS A WEEK, WHICH, TOGETHER WITH FRINGE BENEFITS, WILL REACH AN ESTIMATED 100 MILLION POUNDS A YEAR (IN CONTRAST WITH THE ORIGINAL NCB OFFER OF AN ESTIMATED 43 MILLION POUNDS). FRINGE BENEFITS INCLUDE SHIFT DIFFERENTIALS, HOLIDAY PAY, RETIREMENT AND DEATH BENEFITS, AND A SPECIAL HOLIDAY BONUS. (THE PAY BOARD REPORT, WHICH WAS ISSUED YESTERDAY, - TO BE POUCHED WHEN AVAILABLE - RECOMMENDED INCREASES WHICH WERE NOT FAR OFF FROM THE FINAL AGREEMENT, AND ALTHOUGH NUM PRESIDENT JOE GORMLEY HAS SINCE CHARACTERIZED THE REPORT AS LARGELY IRRELEVANT TO YESTERDAY'S NEGOTIATIONS, IT MAY WELL HAVE ACCELERATED THE FINAL ACCORD.)

3. NUM OFFICIALS ARE, AS TO BE EXPECTED, JUBILANT OVER THE SETTLEMENT, NOT ONLY BECAUSE UNDERGROUND WORKERS BENEFITTED SUBSTANTIALLY, BUT ALSO SURFACE WORKERS AND OTHER GRADES AS WELL. THE NUM EXECUTIVE COMMITTEE VOTED 25-2 FOR THE SETTLEMENT, AND THE LEADERSHIP IS CERTAIN THE NUM AREA GROUPS WILL ACCEPT IT. (THE TWO WHO VOTED AGAINST THE ACCORD WERE MILITANTS, ARTHUR SCARGILL AND JACK COLLINS, FROM YORKSHIRE AND THE SOUTH-LIMITED OFFICIAL USE

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EAST RESPECTIVELY.) REPORTEDLY, THE MILITANTS ON THE EXECUTIVE BATTLED TO THE VERY LAST TO OBTAIN THE FULL CLAIM AND TO BACKDATE THE AGREEMENT TO NOVEMBER 1ST, INSTEAD OF MARCH 1ST. HOWEVER, THE MODERATES, FOLLOWING A SEPARATE CAUCUS THE NIGHT BEFORE THE LAST NEGOTIATIONS WITH THE COAL BOARD, STOOD THEIR GROUND ON THE FINAL AGREEMENT. PAUL ROUTLEDGE, IN THE MARCH 7 EDITION OF THE LONDON TIMES, INTERPRETS THIS REASSERTION

BY THE MODERATES AS AN EFFORT TO "PREVENT THE COMMUNIST-  
LED LEFT-WING FROM CHEATING THE NEW LABOR GOVERNMENT OF  
A POLITICAL PRIZE."

4. HOWEVER, EVEN BEFORE THE SIGNATURES OF THE AGREEMENT  
WERE DRY, THE NUM LEADERSHIP DECLARED ITS INTENTION OF  
PUSHING TALKS TO BEGIN WITHIN A WEEK TO TEN DAYS ON  
LONG-RANGE PROSPECTS FOR THE INDUSTRY AND FOR A RE-  
STRUCTURING OF MINERS' WAGES AND OTHER BENEFITS. AN  
NUM OFFICIAL TOLD US THAT AMONG THE MANY IMPROVEMENTS  
BEING SOUGHT WAS A RETURN TO THE TRADITIONAL AGREEMENT  
DATE OF NOVEMBER 1ST. THIS IS ONLY ONE OF A HOST OF  
CHANGES IN WAGES AND OTHER BENEFITS, AND IS QUITE APART  
FROM THE NEXT GENERAL WAGE CLAIM WHICH WILL BE DISCUSSED

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AT THE NUM CONGRESS IN SCOTLAND NEXT JULY. (THE HEATH GOVERNMENT HAD IN FACT PROMISED A LONG-RANGE REVIEW OF THE INDUSTRY, AND MOST CERTAINLY THE NEW GOVERNMENT WILL INITIATE SUCH AN INVESTIGATION.)

5. THE TUC GENERAL COUNCIL MET YESTERDAY (MARCH 6) AND REITERATED THE PLEDGE TO THE HEATH GOVERNMENT THAT THE COAL SETTLEMENT WOULD NOT BE USED AS A BASIS FOR OTHER CLAIMS. THEY ALSO REAFFIRMED THEIR SO-CALLED "SOCIAL LIMITED OFFICIAL USE

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CONTRACT" WITH THE LABOR PARTY WHICH IS, HOWEVER, LINKED TO DECISIVE ACTION BY THE GOVERNMENT TO CONTROL FOOD PRICES, HOUSING, AND RENTS. THE TUC ALSO EXPECTS THE LABOR GOVERNMENT TO DISCARD THE CURRENT COMPULSORY INCOMES POLICY, INCLUDING THE PAY BOARD, AND TO SUBSTITUTE OTHER MEASURES FOR THE INDUSTRIAL RELATIONS ACT. IN ADDITION, IT EXPECTS THE GOVERNMENT TO FULFILL LABOR PARTY PLEDGES TO SUBSTANTIALLY INCREASE PENSIONS.

6. PRICE CONTROL WILL BE A SERIOUS PROBLEM FOR THE NEW GOVERNMENT. DEREK EZRA, NCB COAL BOARD CHAIRMAN, SAID LAST NIGHT THAT HE NOW EXPECTS AN INCREASE IN THE PRICE OF COAL, WHICH SOME REPORTERS SUGGEST MAY BE IN THE NEIGHBORHOOD OF 1 POUND A TON. CONCERN OVER INCREASES IN COAL COSTS HAS ALSO RAISED ANXIETIES IN THE STEEL AND ELECTRICAL POWER INDUSTRIES ABOUT THEIR COSTS. THE NEW SECRETARY OF STATE FOR PRICES AND CONSUMER INTERESTS, MRS. SHIRLEY WILLIAMS, WHILE STATING THAT HER IMMEDIATE AIMS WERE TO SUBSIDIZE CERTAIN BASIC FOODS AND STRENGTHEN THE PRICE COMMISSION AND CONSUMER LAW, INDICATED THAT SHE WAS ALSO INTERESTED IN CONTROLLING CERTAIN PROFIT MARGINS IN RETAIL BUSINESS. SHE WAS, HOWEVER, MORE CAUTIOUS ABOUT A RECENT FORECAST THAT THE INFLATION RATE WOULD GO UP 15 PERCENT THIS YEAR IN TERMS OF RETAIL PRICES IN COMPARISON WITH 10-1/2 PERCENT IN 1973, DECLARING, "WE SHALL TRY TO MODIFY THAT FORECAST RATE OF INFLATION AS FAR AS WE POSSIBLY CAN."

7. COMMENT: FINALLY, THE COAL STRIKE IS OVER AND THERE IS WIDESPREAD RELIEF IN THE UK - AND ABROAD - THAT IT IS ENDED, AND THAT THE COUNTRY CAN EXPECT TO RETURN SOON TO A NORMAL WORK WEEK (THE TIMING OF WHICH HAS NOT YET

BEEN ANNOUNCED).

8. THERE IS SOME EXPECTATION, EVEN FROM ONE CBI SPOKESMAN WITH WHOM WE SPOKE, THAT THE LABOR GOVERNMENT CAN EXPECT UP TO A SIX-MONTH "HONEYMOON" PERIOD AND THAT THE TRADE UNIONS' "SOCIAL CONTRACT" MIGHT WORK, MORE OR LESS, FOR A LIMITED PERIOD. BUT THIS RELIEF IS ACCOMPANIED BY WIDESPREAD ANXIETY THAT THE WAGE-PRICE PUSH WILL SOONER OR LATER RESULT IN REDUCING THE "SOCIAL CONTRACT" LIMITED OFFICIAL USE

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TO A SCRAP OF PAPER. THIS REMAINS TO BE SEEN, OF COURSE, BUT THE HISTORY OF RECENT GOVERNMENTS - BOTH LABOR AND CONSERVATIVE - PROVIDE STARK ILLUSTRATION OF THE GRAVE DANGERS AHEAD.

9. THE APPARENT REASSERTION OF CONTROL BY THE MODERATES IN THE NUM IS ENCOURAGING, AND IT IS TO BE HOPED THAT MODERATES CAN REGAIN CONTROL NOT ONLY IN THE NUM BUT IN OTHER UNIONS WHERE THEY HAVE BEEN OUT-MANEUVURED BY EXTREME LEFT-WING LEADERS. ON THE OTHER HAND, THE COMMUNISTS AND OTHER LEFT-WING MILITANTS CAN ALSO ARGUE TO THE RANK-AND-FILE AND IN THEIR SHOP FLOOR CAUCUSES THAT WERE IT NOT FOR THEIR PRESSURE ON THE LEADERSHIP, THE SETTLEMENT WOULD HAVE BEEN FAR LESS GENEROUS. THE NUM CONGRESS IN JULY SHOULD PROVIDE SOME IMPORTANT INSIGHTS OF VARIED IOEOLOOICAL GROUPINGS WITHIN THAT KEY UNION.

10. WITHAL, THE RESPONSE FROM THE TUC TO THE NEW LABOR GOVERNMENT HAS BEEN ENTHUSIASTIC. THE POSSIBILITY, AT LEAST, OF A CONSENSUS BETWEEN THE TRADE UNIONS AND THE GOVERNMENT, WHICH WAS VERY LIMITED UNDER THE PREVIOUS GOVERNMENT, IS MUCH BETTER THAN BEFORE. THE TEST OF SUCH A NEW CONSENSUS WILL BE COMING SOON, IN TERMS OF THE "SOCIAL CONTRACT," NEW RULES TO REPLACE THE INDUSTRIAL RELATIONS ACT, AND IN MANY OTHER WAYS. UPCOMING WAGE NEGOTIATIONS WILL BE OBSERVED VERY CLOSELY FOR SIGNS AND PORTENTS.

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## Message Attributes

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